

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

## Media Excerpts: A snapshot of state and national energy issues\*

### Energy Awareness Conference

Louisville, KY – Sept. 20, 2006

### National Renewable Energy Conference

St. Louis, MO – Oct. 10-12, 2006

### Bluegrass Energy & Green Living Expo

Lexington, KY – Oct. 14-15, 2006

**DOE to invest \$250 million in new bioenergy centers.** U.S. Department of Energy (DOE) Secretary Samuel W. Bodman announced August 10 that DOE will spend \$250 million to establish and operate two new Bioenergy Research Centers to accelerate basic research on the development of cellulosic ethanol and other biofuels. The Secretary made the announcement with Congressman Jerry Weller (IL-11<sup>th</sup>), local officials and biofuels stakeholders during a visit to Channahon, IL. "This is an important step toward our goal of replacing 30 percent of transportation fuels with biofuels by 2030," Secretary Bodman said. "The Energy Policy Act of 2005 (EPAct) calls for the creation of new programs to improve the technology and reduce the cost of biofuels production. The mission of these centers is to accelerate research that leads to breakthroughs in basic science to make biofuels a cost-effective alternative to fossil fuels." ("DOE to invest \$250 million in new bioenergy centers," *USDOE*, 8-2-06)

**Secretary of Energy announces \$2 billion federal loan guarantee program as part of first anniversary celebration of Energy Policy Act.** U.S. Department of Energy (DOE) Secretary Samuel W. Bodman today unveiled DOE program guidelines for a total of \$2 billion in loan guarantees to help spur investment in projects that employ new energy technologies. Secretary Bodman made the announcement in Baltimore while joining Maryland Governor Robert Ehrlich at a ribbon-cutting ceremony opening Maryland's first State-owned E-85 fueling facility. "We hope to spur investment in new renewable energy projects like solar and wind, as well as clean coal technologies and efforts that can convert cellulosic biomass into ethanol." The solicitation, which will be issued soon, will govern the first round of loan guarantee applications, valued at a total of \$2 billion. Loan guarantees will enable the Department to share some of the financial risks of projects that employ new or significantly improved energy technologies that avoid, reduce, or sequester air pollutants and greenhouse gases. Projects supported by loan guarantees will help fulfill President Bush's goals to diversifying the United States' energy sources, while reducing the nation's reliance on foreign sources of energy and encourage energy efficiency. ("Secretary of Energy announces \$2 billion federal loan guarantee program as part of first anniversary celebration of Energy Policy Act," *USDOE*, 8-7-06)

**BP shuts down largest U.S. oil field.** In what could be another blow to consumers already hard hit by high energy costs, petroleum giant BP PLC said Monday its Prudhoe Bay facilities in Alaska will be shut down for weeks or months due to damage that will require it to replace 73 percent of a pipeline from the field. The shutdown, which drove oil and gasoline prices sharply higher on energy markets, removes about 8 percent of daily U.S. crude production. Light, sweet crude oil rose \$1.59 to \$76.35 a barrel in electronic trading on the New York Mercantile Exchange, while gasoline prices rose more than 4 cents to \$2.2725 a gallon. ("BP shuts down largest U.S. oil field," *MSNBC*, 8-7-06)

**No shortcuts to saving money on gas.** Liz and Rocky Rothwell, a retired couple from Orlando, Florida, thought they could save money on gas by dropping a little green pill called BioPerformance in their car's tank. "When it goes in your gasoline, it disperses out. It's supposed to increase the mileage in your car from anywhere from 25 to 30 percent," Rocky Rothwell said. The Rothwells had such high hopes for this product that they went to a company presentation and signed on as distributors in a multilevel marketing plan. But the pill turned out to be a dud, according to Texas Attorney General Greg Abbott. Abbott had the pills tested. He concluded that the pills didn't work and he found they were made mostly of naphthalene, the same stuff that used to go in mothballs. Abbott shut down the Texas-based BioPerformance and is suing the company and its owners for allegedly running a scam that cost people such as the Rothwells thousands of dollars. ("No shortcuts to saving money on gas," *CNN*, 8-8-06)

**Local investors sought for \$75 million ethanol plant in Logan.** An Auburn resident is working toward the construction and opening of a major ethanol refining plant in Logan County. If the funding becomes available, it would provide hundreds of jobs, provide a local outlet for Logan grain farmers, help the local economy, and help lower America's dependence on foreign oil. Local economic development and farm leaders gathered at Federal Grove Bed & Breakfast on Thursday, July 27, to hear a proposal for building an ethanol plant in Logan County. The two-hour briefing was conducted by Darrell Crawford of Auburn and Randy Kramer of KL Process Design Group, Rapid City, S.D. ("Local investors sought for \$75 million ethanol plant in Logan," *News-Democrat Leader*, 8-9-06)

**Why Wal-Mart wants to sell ethanol.** E85 is available at only a tiny fraction of gas stations. But Fortune's Marc Gunther says the giant retailer is poised to change that. More than 5 million vehicles on U.S. roads today can run on ethanol - a renewable fuel that comes from corn - as well as gasoline. General Motors (Charts), Ford (Charts) and DaimlerChrysler (Charts) recently announced plans to double their annual production of so-called flex fuel vehicles to two million cars and trucks by 2010. It's the single largest commitment to renewable fuels in the history of the auto industry. That's because running cars and trucks on E85, a blend of 85 percent ethanol and 15 percent gasoline, could turn out to be a cost-effective way to reduce the carbon emissions that cause global warming and curb our dependence on imported oil. ("Why Wal-Mart wants to sell ethanol," *CNN Money*, 8-9-06)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.

## Kentucky Retail Fuel Prices (Dollars per gallon)

Product	08/09/06	08/02/06	07/26/06	07/19/06	Year Ago
Gasoline (State avg.)	2.978	2.908	2.942	2.932	2.345
Ashland	2.957	2.908	2.920	2.862	2.424
Covington	3.049	3.036	3.023	2.994	2.379
Lexington	2.957	2.858	2.954	2.936	2.385
Louisville	3.095	2.972	3.047	3.039	2.438
Owensboro	2.909	2.852	2.875	2.852	2.242
Diesel (State avg.)	2.984	2.916	2.904	2.893	2.317
Ashland	2.990	2.913	2.893	2.881	2.291
Covington	2.997	2.911	2.860	2.871	2.320
Lexington	3.002	2.939	2.919	2.910	2.338
Louisville	2.990	2.913	2.908	2.891	2.316
Owensboro	2.963	2.910	2.898	2.894	2.305

**Note:** The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

**Source:** Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

## Wholesale Fuel Prices

Spot Prices	08/09/06	08/02/06	07/26/06	07/19/06	Year Ago
Crude Oil (Dollars per barrel)	76.36	75.82	73.95	72.67	64.91
West Texas Intermediate, fob					
Natural Gas (Dollars per MMBtu)	7.630	8.670	6.710	5.890	8.840
Henry-Hub					

**Source:** [Oilenergy.com](http://Oilenergy.com)

Futures		Aug-06	Sept-06	Oct-06
Crude Oil (Dollars per barrel)	08/09/06	-	76.35	77.53
Light Sweet Crude Oil	08/02/06	-	75.81	76.90
	07/26/06	-	73.94	74.99
Natural Gas (Dollars per MMBtu)	08/09/06	-	7.651	7.857
Henry-Hub	08/02/06	-	7.799	8.036
	07/26/06	6.887	6.974	7.224
Propane (Cents per gallon)	08/09/06	-	117.50	118.20
	08/02/06	-	117.75	118.95
	07/26/06	117.75	118.25	118.75
Coal (Dollars per ton)	08/04/06	48.00	-	-
Central Appalachian	07/28/06	48.50	-	-
	07/21/06	45.30	-	-

**Source:** [NYMEX closing price](#) and [EIA Coal Futures](#)

## For more information, contact John Davies, Kentucky Office of Energy Policy:

Phone: (502)564-7192 or (800)282-0868 Fax: (502) 564-7484 E-mail: [John.Davies@ky.gov](mailto:John.Davies@ky.gov) Internet: [www.energy.ky.gov](http://www.energy.ky.gov)

The Commerce Cabinet does not discriminate on the basis of race, color, national origin, sex, age, religion or disability and provides, on request, reasonable accommodations including auxiliary aids and services necessary to afford an individual with a disability an equal opportunity to participate in all services, programs and activities. To request materials in an alternative format, call the Office of Energy Policy at (800) 282-0868. Persons with hearing and speech impairments can contact the agency by using the Kentucky Relay Service, a toll-free telecommunication device for the deaf (TDD). For voice to TDD, call (800) 648-6057. For TDD to voice, call (800) 648-6056.

